

Declass Review by NIMA / DoD

March 30, 1964

John

Enclosed are the requests for clearance for [redacted] and Secretary in anticipation of setting up a new contract effective July 1, 1963.

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Both have just left the [redacted]

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office as employees but are still working at the same location and doing some part time work for [redacted]. Peter plans to continue to work out of the same office.

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STATINTL [redacted]

John,

April 14, 1964

This is a complete copy for your file.

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In the note to [redacted], on the extra copy I did not put the word "Drell" in. If you think it necessary, you can substitute that copy in his bundle. Also, you can extract tasks 3 & 4 from his bundle if you wish. Regards, [redacted]

STATINTL

13 April 1964

John:

Re: Proposed contract for work starting July 1, 1964

Your wording of things is much better than mine. So, after several attempts I decided your intent would be best described by extracting statements from the present scope of work and incorporating them into Task 1 and Task 2 for a continuation. The amount of time proposed is slightly less than the amount of time I spent on that same type of work this year for you.

I hope that redefining the work into specific tasks will resolve the problem of the broad interpretation of Conflict of Interest. After reading the DOD directive, I am even more firmly convinced that no actual conflict of interest is involved with [] but I'm not going to beat that dead horse any further.

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Tasks 3 and 4 are on things we have had some general conversation about. I hope these specific statements meet with your approval.

I have enclosed a complete copy of everything for your reference, and a copy of the Task Descriptions and Cost Analysis for you to pass on to [] in addition to a copy of the Task Descriptions for you to pass on to []

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I'll call you in a few days to keep you posted on how things are going.

Best regards,

[]

STATINTL

ph
Encs.

13 April 1964

STATINTL

[redacted]

Two copies of a preliminary draft for review and comment are enclosed for a task type contract for work to begin July 1, 1964. The second copy is for you and John to mark up and return. In addition, I have included a rate summary and an analysis of the burden factors.

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Please advise if you see any obstacles to a straightforward negotiation of a contract and also what type of contract it should be. [redacted] and I have tentatively selected the name "Engineering Associates" but that is subject to confirmation.

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In the burden analysis, I tried to describe clearly the basis upon which we have estimated our costs. We have earnestly attempted to make the estimates realistic. In order to live within these estimates, we will have to keep a pretty tight rein on overhead expenditures, which it is our intention to do. The estimate that 70% of the available hours will be billable may be optimistic by 5% or 10%; however, we are looking forward to the future with confidence.

I'll call you in a few days and we can discuss the matter further.

Best regards,

[redacted]

STATINTL

ph
Encs.

13 April 1964

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Re: Conflict of Interest

STATINTL

Enclosed for your reference is a copy of the scope of work of my present contract [redacted] which expires June 30, 1964.

I reviewed carefully the Department of Defense Directive Number 5500.10 of June 1, 1963, "Rules for Avoidance of Organizational Conflicts of Interest," and have made a preliminary draft of a statement of work for further contractual effort to start July 1, 1964.

In preparing the preliminary draft, which also is enclosed, I have attempted to abide by the basic conflict of interest principles:

"(1) preventing conflicting roles which might bias a contractor's judgment, and

"(2) preventing unfair competitive advantage"

such that they will be specific only to the organizations and subjects listed in phases 1 and 2. If there are some further statements which can be made to insure delimiting in the future to specific cases instead of the broad all inclusive interpretation of the conflict of interest as presently applied to my current contract, I would appreciate your suggestions. In particular, I wish to be able to undertake work in association with and/or for:

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1. Proposal and contractual work for the Office of Naval Research on Pilot Disorientation in Low Level Flight.
2. Proposal and contractual work for your organization for implementation of the DRELL Committee findings.

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1. Proposal and contractual work for the Arms Control and Development Agency on a Sensor Survey and other applications of photographic reconnaissance to the disarmament inspection problem.

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[Redacted]

-2-

13 April 1964

2. Proposal and contractual work for your organization for conducting studies of the Image Enhancement Problem.

I would appreciate your advice as to whether the work statement of Task 1 and Task 2 will indeed permit me to undertake the work noted above.

Very truly yours,

[Redacted]

STATINTL

ph
Encs.

13 April 1964

STATINTL

Re: Legal basis for a new contract starting July 1, 1964

In our previous conversation, I indicated that [redacted] was setting up a consulting engineering office in Santa Monica, California, and we were proposing that he and I join forces. At the outset, at least, we would prefer this to be an association of independent professional engineers. As such, I can see two acceptable ways of consummating a contract, i.e.,

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1. [redacted] doing business as: [redacted] or

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2. [redacted] doing business as:

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Either way appears to be equally satisfactory to us except for security clearance status which inclines me to prefer the first way. A Request for Clearance for [redacted] was submitted the end of March, 1964, and is in process. Even though [redacted] holds a DOD SECRET clearance, it sometimes takes three or four months for clearances to come through. Since the contract performance can be initiated without [redacted] participation, I would not want it to be delayed pending receipt of his clearance.

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Would contracting on one of the bases I described above be a straightforward situation on your part? I would greatly appreciate your comments.

Very truly yours,

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ph

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Next 2 Page(s) In Document Denied